

**FINAL REPORT  
OF THE  
INTERIM STUDY COMMITTEE  
ON INSURANCE**



**Indiana Legislative Services Agency  
200 W. Washington St., Suite 301  
Indianapolis, Indiana 46204-2789**

**November 2013**

# **INDIANA LEGISLATIVE COUNCIL 2013**

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# **Interim Study Committee on Insurance**

## **Membership Roster**

### **Senators**

**Travis Holdman, Chair  
Markle**

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**Robert Heaton  
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**Matthew Lehman  
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## **Legislative Services Agency Staff**

**Randhir Jha, Fiscal Analyst  
Ann Naughton, Attorney**

**November 2013**

A copy of this report is available on the Internet. Reports, minutes, and notices are organized by committee. This report and other documents for this Committee can be accessed from the General Assembly Homepage at <http://www.in.gov/legislative/>.

## FINAL REPORT

### **Interim Study Committee on Insurance**

#### **I. STATUTORY AND LEGISLATIVE COUNCIL DIRECTIVES**

In 2011, the Indiana General Assembly enacted IC 2-5-33.3 establishing the Committee to study insurance in Indiana as follows:

- (1) Issues determined by the chairperson of the committee.
- (2) Issues assigned by the Legislative Council.
- (3) Issues regulated under IC 27.
- (4) Worker's compensation insurance.

The Legislative Council assigned the following additional responsibilities to the Committee for the 2013 Interim:

- (1) Consumer lawsuit lending (HEA 1558-2013, SECTION 1).
- (2) Release of liens on mortgaged property (HEA 1132-2013, SECTION 3).
- (3) Uninsured motorists (HEA 1098-2013, SECTION 1).

The subject of worker's compensation insurance was also considered by the Committee during the Interim.

#### **II. INTRODUCTION AND REASONS FOR STUDY**

Current Indiana law contained in IC 27 governs regulation of insurance companies (including worker's compensation insurance companies) doing business in Indiana and insurance-related matters affecting Indiana residents. Additionally, IC 22 regulates Indiana's worker's compensation system.

The Committee was established to facilitate the study of insurance-related issues that require more extensive study than is feasible during a session of the General Assembly and to annually report its findings and recommendations for any proposed legislation to the Legislative Council.

#### **III. SUMMARY OF WORK PROGRAM**

The Committee met five times during the 2013 interim.

##### *First Meeting*

The first meeting of the Committee was held on August 9, 2013. The Committee considered testimony concerning uninsured motorists in Indiana.

### *Second Meeting*

The second meeting of the Committee was held on August 22, 2013. The Committee heard testimony and discussed the following two topics:

- (1) Uninsured motorists in Indiana.
- (2) Worker's compensation insurance in Indiana.

### *Third Meeting*

The third meeting of the Committee was held on September 4, 2013. The Committee heard testimony and discussed the following two topics:

- (1) Uninsured motorists in Indiana.
- (2) Worker's compensation insurance in Indiana.

### *Fourth Meeting*

The fourth meeting of the Committee was held on October 9, 2013. The Committee heard testimony and discussed the following three topics:

- (1) Uninsured motorists in Indiana.
- (2) Worker's compensation insurance in Indiana.
- (3) Lawsuit lending.

### *Fifth Meeting*

The fifth meeting of the Committee was held on October 21, 2013. The Committee considered proposed legislation and its final report to the General Assembly for the 2013 interim.

## **IV. SUMMARY OF TESTIMONY**

Minutes and attachments containing more detailed information concerning the Committee's 2013 interim work may be found at <http://www.in.gov/legislative/>

The Committee heard testimony from representatives of the following groups:

- (1) American Legal Finance Association
- (2) Fairpay Solutions
- (3) Independent Insurance Agents of Indiana
- (4) Indiana Bureau of Motor Vehicles
- (5) Indiana Chamber of Commerce
- (6) Indiana Department of Financial Institutions
- (7) Indiana Hospital Association
- (8) Indiana State Chiropractic Association
- (9) Indiana Trial Lawyers Association
- (10) Indiana Worker's Compensation Board
- (11) Indiana Manufacturer's Association
- (12) Insurance Institute of Indiana
- (13) Liberty Mutual Insurance
- (14) Oasis Legal Finance
- (15) State Farm Insurance

## (16) U.S. Chamber of Commerce

### Uninsured Motorists in Indiana

The Committee heard testimony about the recent state legislative work related to uninsured motorists. The Committee received estimates of rate of uninsured motorists for all states published by the Insurance Research Council. The Committee was provided with information related to enforcement and administrative measures and socio-economic factors in states with high and low rates of uninsured motorists. The members were specifically interested in and received information about the enforcement of uninsured motorist laws in Indiana. The members discussed the potential ways to reduce the rate of uninsured motorists in Indiana.

### Worker's Compensation Insurance in Indiana

The Committee heard testimony concerning the following:

- (1) Reimbursement to medical service providers.
- (2) Reimbursement to physician groups owned by hospitals.
- (3) Reimbursement for implants.
- (4) The use of inpatient care vs. outpatient care.

### Lawsuit Lending

The Committee heard testimony concerning various options to regulate lawsuit lending in the state. The Committee was provided with information about lawsuit lending in other states and countries. Some witnesses testified that lawsuit lending complicates the claims and litigation process, increases the average case time, and increases the number of cases. The Committee was provided with model legislation to regulate lawsuit lending. Other witnesses testified about the importance of lawsuit lending to plaintiffs. They argued that treating lawsuit lending as a loan would drive such lenders out of business. The Committee discussed the idea of capping the interest rate lawsuit lenders could charge.

### Release of Liens on Mortgage Property

The Committee did not receive information from the industry concerning the issue.

## **V. COMMITTEE FINDINGS AND RECOMMENDATIONS**

### Uninsured Motorists

The Committee recommends PD 3275 concerning motor vehicle financial responsibility violations, as amended by a vote of 5-1 for introduction during the 2014 session of the General Assembly. PD 3275, as amended, includes the recommendations in PD 3182 approved by the Committee in its fourth meeting. It also includes changes proposed by Representative Austin and Senator Holdman in the Committee's final meeting.

#### Workers Compensation

The Committee finds that its study of specific issues related to worker's compensation insurance during this interim provided the members with a better understanding of those issues, which should help the members in their work toward resolution of the issues. The Committee recommends that the General Assembly and interested parties continue to work towards resolution of the issues.

#### Lawsuit Lending

The Committee made no findings or recommendations.

#### Release of Liens on Mortgage Property

The Committee made no findings or recommendations.

## WITNESS LIST

- (1) Thurbert Baker, U.S. Chamber of Commerce
- (2) Lori Browne, Fairpay Solutions
- (3) Charles Burhan, Liberty Mutual Insurance
- (4) Steve Duff, Independent Insurance Agents of Indiana
- (5) Kelly Gilroy, American Legal Finance Association
- (6) Sarah Graziano, Attorney at Law
- (7) Connie Gustafson, Indiana Department of Financial Institutions
- (8) Linda Hamilton, Indiana Worker's Compensation Board
- (9) Tim Kennedy, Indiana Hospital Association
- (10) Jeremy Kidd, Mercer University
- (11) Warren Mathies, Indiana Trial Lawyers Association
- (12) Pat McGuffey, Indiana State Chiropractic Association
- (13) Elizabeth Murphy, Indiana Bureau of Motor Vehicles
- (14) Mike Ripley, Indiana Chamber of Commerce
- (15) Ed Roberts, Indiana Manufacturer's Association
- (16) Eric Schuller, Oasis Legal Finance
- (17) Marty Wood, Insurance Institute of Indiana
- (18) Jon Zarich, Insurance Institute of Indiana, State Farm Insurance